



United States
Department of
Agriculture

Office of
Finance and
Management

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T S P B U L L E T I N

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Chapter: 84, Federal Employees' Retirement System, Subchapter III, Thrift Savings Plan

Bulletin: 89-4, Accepting and Processing Form TSP-22, Loan Payment Allotment Form

Date: January 17, 1989

To: TSP Payroll Office Representatives
TSP Personnel Office Representatives
TSP Automated Data Processing Representatives

The purpose of this bulletin is to provide agency representatives with the proper procedures for accepting and processing the Form TSP-22, Loan Payment Allotment Form.

I. Accepting Form TSP-22

The Form TSP-22 is sent to the participant with the loan package for the participant to sign and **return to the recordkeeper**. If the loan is **approved** and disbursed, the Form TSP-22 is sent by the recordkeeper to the payroll office for processing. If the loan is **disapproved**, the participant is notified that the loan has not been approved, and the Form TSP-22 is retained by the recordkeeper.

Some payroll offices have accepted a copy of the Form TSP-22 directly from a participant and started payroll allotments before a TSP loan has been approved for disbursement and before the certification for the allotment has been provided by the recordkeeper. If a participant submits an uncertified copy of the Form TSP-22 directly to the payroll office, the payroll office should return the form to the participant. If the payroll office processes an uncertified Form TSP-22 that has been received directly from a participant, the loan payments could begin before the loan has been approved and disbursed. Also, by processing an uncertified Form TSP-22, loan payments could be deducted from a participant's paycheck for a loan that has been disapproved.

Payroll offices are cautioned that the Form TSP-22 should not be accepted and processed unless it is received from the TSP recordkeeper and certified in Section III, Certification, by a representative of the TSP Service Office.

II. Rounding the Amount of the Allotment

For those agencies that must round allotments to a whole dollar amount, for TSP loan allotments, the loan payment can **only be rounded up to the next whole dollar**. For

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Expiration
Date: When superseded.

example, if a TSP loan payment is \$23.07, and the agency must use whole dollar amounts, the amount to input is \$24.00. If the agency rounds **down** to \$23.00, this is considered **an incorrect payment**.

When incorrect payments are received for a period of more than 90 days, the participant is required to reamortize the loan or repay it in full. If the loan is not reamortized or repaid in full, the participant will be subject to a taxable distribution of the unpaid loan principal and accrued interest. The participant may also be liable for a tax penalty due to early withdrawal.

When the combined payment method is used for processing multiple TSP loans, as addressed in TSP Bulletin 89-3, Processing Multiple Loans, the recordkeeper will provide the whole dollar amount to input for the combined payment amount. Because each loan payment amount is rounded separately, the rounded amount for the combined payment will not always be the amount of the combined payment rounded up. For example, if a participant has two outstanding loans and each loan payment is \$17.25, the rounded amount to input for each loan will be \$18.00 (using the separate payment method); however, when the combined payment method is used, the amount to input will be \$36.00 even though the combined payment amount is \$34.50.

III. Effective Date for Processing Form TSP-22

Agency representatives are reminded that the Form TSP-22 should be processed as soon as administratively feasible, but not later than the pay period after it is received.


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Director